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MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

ROOM 2117
STATE CAPITOL
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, MARCH 30, 1978

10:00 a.m.

CATHLEEN SLOCUM
C.S.R. License No. 2822

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PETERS SHORTHAND REPORTING CORPORATION

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P R O C E E D I N G S

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3 ACTING CHAIRPERSON McCAUSLAND: The meeting will
4 come to order.

5 Are there any additions or corrections to the
6 minutes of February 23rd?

7 MS. SMITH: No.

8 ACTING CHAIRPERSON McCAUSLAND: If not, they'll
9 be deemed approved as submitted.

10 Report of the Executive Officer, Mr. Northrop.

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, before
12 I start my report, the staff respectfully requests that
13 Item Number 30 after the completion of the Consent Calendar
14 be taken out of order because the Attorney General handling
15 that case has a court appointment this morning.

16 Our tree-planting program is ready to begin this
17 week. We plan an initial planting of 5,000 trees on a
18 school land parcel north of Truckee. The Department of
19 Forestry and the California Conservation Corps members
20 will participate in eight study plots involving 13 acres.
21 Various species will be planted on differing soils and
22 exposures. The site was chosen because it was readily
23 available to a major highway which makes this study easier
24 and less expensive. Experience gained on this site will help
25 us ensure a successful program for next year's major

1 reforestation effort.

2 For the major program, I am asking fellow members
3 of the Western States Land Commissioners Association which
4 represent all of the states west of the Mississippi save
5 Kansas, to donate some trees from their states. One or
6 more sites could become groves for these trees, and staff
7 feels that we would then have a representative grove of
8 the Golden West. California then would reciprocate where
9 appropriate and perhaps donate redwoods.

10 In 1974, two and one half million board-feet of
11 fire-killed timber was salvaged from the northern half of
12 a section of State school land, 30 miles south of
13 Susanville. The purchaser paid the State \$229,000 for the
14 timber that was removed. Since then, the staff has had the
15 opportunity of looking at the unburned southern half of
16 that section. This portion of the parcel has a stand of
17 mature and overmature Ponderosa Pine and White Fir sawtimber.
18 Under the older trees is a good covering of young pine and
19 fir seedlings and saplings. Registered foresters on the
20 staff are of the opinion the older timber, being subject
21 to increasing loss from decay, should be removed in order
22 to provide more room for the faster growing younger growth.
23 This timber has been marked for removal and the volume is
24 estimated to be 2.4 million board-feet.

25 A negative declaration has been circulated and
26 it has been determined there will be no adverse environmental

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1 impact from the proposed logging. The staff plans to
2 advertise the timber for sale in April and subsequently
3 request authorization from the Commission to enter into a
4 timber sale agreement with the highest qualified bidder.
5 I don't think any action is required at this time, Mr. Chair-
6 man. I think we'd simply like to advise you, and we'll
7 come back if there is something additional.

8 On February 23, 1978, the Commission approved
9 Chevron USA's proposal to drill well "Rio Vista State
10 E-415" No. 19. On February 24, Chevron advised by phone
11 that they wished to increase the depth of the proposed well
12 by 700 feet. Accordingly, no approval letter was written
13 pending receipt of the revised proposal.

14 The revision, dated March 13, 1978, proved to be
15 simply an extension of the previously approved well course
16 for 700 feet, with no other change. The previously
17 approved objective of completing in the sub-unit zones is still
18 unchanged.

19 Accordingly, since the intent of the proposal was
20 unchanged, an approval letter was prepared which I signed
21 on March 24 of 1978.

22 In January you authorized the issuance of a demand
23 notice to Aminoil USA for removal of the Ellwood Pier in
24 Santa Barbara, as provided in the lease. At the same time
25 you indicated you would be receptive to other approaches

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1 if the County could resolve its problems relative to leasing
2 the pier for recreational purposes.

3 Subsequently, negotiations with Aminoil, Arco,
4 and Exxon staff have begun whereby Aminoil will remove
5 the seaward 800 feet of the pier and the remainder will be
6 renovated and leased to Exxon and Arco for personnel transfer
7 and light cargo purposes. The lease will provide, however,
8 that in the event the County of Santa Barbara finds it
9 is able to proceed with plans to make recreational use
10 of the pier, Exxon and Arco will lease to the company, but
11 retain their rights to use the facilities for crew
12 loading only.

13 Environmental documents for removal of a portion
14 of the pier and for the leasing of the remainder are now
15 being prepared by staff.

16 Last month you authorized the emergency
17 expenditure of up to \$40,000 for removal of beach obstruc-
18 tions in Santa Barbara which had been uncovered by unusually
19 high winter storms.

20 A contract was awarded to Granite Construction
21 Company of Santa Barbara this month, and in a nine-day
22 period, over 100 tons of steel, wood, remnants of former
23 oil drilling operations, were removed from a one-mile
24 stretch of the beach in the Ellwood area. This emergency
25 work cost \$22,000.

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1 The next phase will be to call for bids on a
2 project to identify and map the remaining obstructions
3 for future removal. This ongoing beach clearance project
4 is being funded by a \$700,000 Federal grant.

5 Mr. Chairman, Ms. Smith, this completes my
6 report.

7 ACTING CHAIRPERSON McCAUSLAND: Thank you. Are
8 there any questions?

9 MS. SMITH: No.

10 ACTING CHAIRPERSON McCAUSLAND: I have one
11 question.

12 EXECUTIVE OFFICER NORTHROP: Yes.

13 ACTING CHAIRPERSON McCAUSLAND: I am in receipt
14 of a copy of an executive order issued by the Governor
15 regarding the urban strategy and a request of all agencies
16 to prepare an inventory of parcels that could potentially
17 be utilized in the furtherance of that strategy. Are we
18 gearing up to prepare such a report?

19 EXECUTIVE OFFICER NORTHROP: We have received that,
20 Mr. Chairman, and we are gearing up to handle that.
21 Unfortunately, preliminarily, the parcels owned by the
22 State Lands Commission in areas that would qualify at
23 first glance seem to be relatively limited, but we are
24 preparing the report.

25 ACTING CHAIRPERSON McCAUSLAND: All right.

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1 Mr. Golden, your report.

2 MR. GOLDEN: Mr. Chairman, this report is
3 intended to apprise you of the current interactions between
4 the State Lands Commission and the Regional and State
5 Coastal Commissions.

6 The first item is on the Federal Coastal Marine
7 Sanctuary Program.

8 The State Lands Commission staff have been involved
9 in the designation of areas for consideration by the U.S.
10 Secretary of Commerce as marine sanctuaries. State efforts
11 in this regard have been coordinated within the
12 Resources Agency but have been spearheaded by the Coastal
13 Commission. The Monterey Bay Area, the Channel Islands,
14 the area offshore Pt. Reyes and San Francisco Bay are the
15 three areas under active consideration by the Federal
16 Government.

17 The objective of the Federal program is to
18 identify "distinctive ocean areas that need comprehensive
19 management and regulate those activities that threaten
20 to destroy their character." Of special interest is that
21 the program financing is entirely Federal and includes
22 funds for designation, management, evaluation and enforcement.
23 Should any of the areas be incorporated into the Federal
24 Marine Sanctuary Program, its management may ultimately
25 reside with State agencies within the Resources Agency.

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1 State Lands Commission representatives recently
2 participated in field tours of Monterey Bay and the
3 Channel Islands with federal agency personnel and personnel
4 from State Departments within the Resources Agency. The
5 tours enabled participants to evaluate the "conservation,
6 recreational, ecological, or aesthetic values" of the areas.

7 The second item is on Public Trust Involvement.

8 Staff of the Commission has been working closely
9 with the Attorney General's office to ascertain if Coastal
10 Commission project applications involve lands encumbered
11 with the historic public trust tidelands easement and also
12 whether certain developments are consistent with the
13 purposes and uses of said easement.

14 Coastal Commission permits are now being conditioned
15 as follows:

16 Prior to commencement of the
17 construction, the applicant shall
18 obtain a written certification from
19 the State Lands Division that either
20 (1) the parcel is not subject to the
21 public trust or (2) that the proposed
22 development can be constructed
23 consistent with applicable State law.
24 In the event that the State Lands
25 Division or Commission finds that the

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1 project is subject to the public trust
2 and that the development can be approved
3 only subject to limitations in use, any
4 limitations recommended by the Division
5 or Commission shall be incorporated
6 into this permit as conditions.

7 In essence, Commission staff is being asked to
8 provide public trust clearance for these projects on an
9 ongoing basis. State Lands staff is being requested to
10 provide mapping services, exhaustive historical research,
11 and boundary/title determinations by staff of the Regional
12 and State Coastal Commissions in order that they may respond
13 to Coastal Act concerns. As the Coastal Commission
14 becomes more involved in local coastal planning matters,
15 it is expected that additional funding will be needed by this
16 Commission if the staff is to respond in a timely manner to
17 requests for land status determinations.

18 That concludes my report, Mr. Chairman.

19 ACTING CHAIRPERSON McCAUSLAND: Thank you.

20 Are there any questions?

21 MS. SMITH: No.

22 ACTING CHAIRPERSON McCAUSLAND: Without objection,
23 we will take up Calendar Item 30, authorization for the
24 settlement of litigation in the State of California vs.
25 F. E. Crites.

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1 MR. EAGAN: Commissioners, my name is Dennis
2 Eagan, Deputy Attorney General. I'm the Deputy that's
3 handling this case on behalf of the Commission.

4 The matter is covered in more detail in the
5 calendar item before you. In brief outline, this is a
6 proposed settlement of an action which was brought by the
7 State Lands Commission to prevent the taking of sand from
8 Suisun Bay without a lease from the State and also for
9 damages for the sand extraction which had taken place
10 prior to the suit being filed. Under the settlement, the
11 defendant would submit to a lease and the State would
12 receive approximately 80 acres of prime marshland lying
13 on the southerly shore of Suisun Bay. It is presently
14 contemplated that this land will be turned over to the
15 Department of Fish and Game by the Commission for maintenance
16 as an ecological reserve.

17 Are there any questions?

18 MS. SMITH: No.

19 ACTING CHAIRPERSON McCAUSLAND: Are there any
20 other questions?

21 Staff have any other proposals?

22 The recommendation of staff is that the Commission
23 authorize the Executive Officer, the Office of the Attorney
24 General, to execute the proposed agreement and a settlement.

25 MS. SMITH: Move the approval.

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1 ACTING CHAIRPERSON McCAUSLAND: Without
2 objection, Calendar Item 30, the staff recommendation,
3 is approved as submitted.

4 The Consent Calendar is the next group of items
5 which we will take up. They are Item C-1 through C-5.
6 These have been grouped together in the Consent Calendar
7 because it was staff's belief that there was no controversy
8 surrounding any of them.

9 Is there anyone in the audience who has any
10 problems with any of the items between C-1 and C-9?

11 MS. SMITH: On C-2, I think it should be noted
12 that the land has not yet been classified, but there is
13 no legal objection that I know of to the Commission taking
14 any action on this particular item; is that correct?

15 MR. HIGHT: Yes, that's correct.

16 ACTING CHAIRPERSON McCAUSLAND: Do you have any
17 problems?

18 MS. SMITH: No.

19 ACTING CHAIRPERSON McCAUSLAND: Without objection,
20 the Consent Calendar items will be adopted.

21 The next item is Item 10, review of status of
22 determination of reasonable market value of natural gas.

23 As you'll recall, this Commission held hearings
24 on this matter. In its January meeting, January 25th
25 meeting, State Lands Commission adopted a resolution

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1 providing that we would use in its determination of the
2 reasonable market value or current market price the gas
3 produced from the State leases in the Rio Vista, Isleton,
4 River Island and Ryer Island fields, those prices that
5 are the result of the pending arbitration between Pacific
6 Gas and Electric Company and Texaco, Aminoil Oil and Superior,
7 provided that should the Public Utilities Commission
8 regulate and impose a ceiling on the price of gas
9 produced and sold in California, the State Lands Commission
10 would use that price ceiling as its determination.

11 Subsequent to the January 26th meeting, the
12 Commission voted to open that matter for reconsideration
13 during its February meeting. That was done because of
14 a misunderstanding on my part at the January 26th meeting
15 in which I thought the matter had the unanimous consent
16 of all three Commissioners.

17 Since the February meeting, we have been advised
18 by the Attorney General's staff that it would be an
19 appropriate act of this Commission to open the matter
20 for reconsideration if it so desired. However, we have
21 a staff recommendation before us which is essentially a
22 clarification of the January 26th decision, and one in which
23 the Chairman of the State Lands Commission concurs.
24 Consequently, it would be my desire for us today to
25 clarify the action of January 26th by essentially stating

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1 that the price that comes out of the arbitration must
2 come back to the Commission for its review and approval.
3 That it was not our intent on January 26th to delegate our
4 rulemaking authority to an arbitration panel, but rather
5 to have the arbitration panel give us guidelines which
6 would essentially set the parameters for a later decision
7 by the State Lands Commission.

8 I have a notice from the Chairman on Agenda
9 Item 10 which states: "I have been advised by the office
10 of the Attorney General and the Commission staff that the
11 matter of the reasonable market value of natural gas in
12 Northern California must come before the Commission after
13 the arbitrators have determined a price. Based on this
14 advice, if I were present and voting today on Calendar
15 Item Number 10, I would vote to approve the staff
16 recommendation."

17 Mr. Northrop, would you like to present the
18 staff's recommendation for the record?

19 EXECUTIVE OFFICER NORTHROP: Yes, Mr. Chairman.

20 Mr. Jan Stevens, the Attorney General's office,
21 will make that presentation.

22 MR. STEVENS: Insofar as you requested
23 clarification of the legal status of the Commission's
24 decision to adopt the arbitrated price, I believe that
25 our conclusions appear in the calendar item and we can

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1 summarize them by saying that, as you have indicated,
2 the resolution does not finally dispose of the matter
3 because the arbitrated prices which come down must come
4 once again before the Commission at that time. Then the
5 Commission would be free to reject the arbitrated price
6 and make another determination of reasonable market value
7 which it believes is appropriate and supported by the
8 factual record. That, I believe, is the basis for the
9 staff recommendation that the Commission reserve the right
10 to take such further action as it deems necessary which
11 is the present state of its decision in the law as we see
12 it.

13 ACTING CHAIRPERSON McCAUSLAND: Mr. Sneider has
14 asked for an opportunity to appear on this item. On the
15 basis of the dialogue that you've heard, do you still feel
16 compelled to?

17 MR. SNEIDER: Just for one minute. Mr. Stevens
18 has been made aware from Mr. Vincent MacKenzie of the
19 PUC that there was some problems with the notice and the
20 description of this calendar item, and Mr. Stevens, I think,
21 was informed by Mr. MacKenzie that he believed that the
22 Commission, based on this type of notice and the time of
23 the notice which was less than the seven days, could not act
24 in any respect today. Mr. MacKenzie is not here and asked
25 me to deliver the comments. Mr. Stevens is aware of the

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1 gist of them.

2 Quite frankly, what Mr. Stevens seemed to have
3 said is in line with our view that the Commission could
4 not delegate authority to another body and, in essence,
5 what he seems to be saying is you want to correct that
6 error and I have nothing to argue about that correction
7 of that error.

8 ACTING CHAIRPERSON McCAUSLAND: For the record,
9 the voice on the transcript is that of Leonard Sneider,
10 Deputy City Attorney of the City of San Francisco.

11 I would like to state that I believe that I am
12 on the mailing list for notice and I would personally like
13 the record to reflect that I believe more than adequate
14 notice was provided on this.

15 Do you have any further objections?

16 MS. SMITH: No, I don't have any objections at
17 all. But, I think for the record, Bob, you should indicate
18 when the notice was mailed.

19 MR. HIGHT: The notice was mailed last Thursday
20 which is more than time necessary by the Government Code.

21 MR. SNEIDER: Mr. MacKenzie received his notice
22 on March 24th which I believe was six days. I received my
23 notice this Monday.

24 ACTING CHAIRPERSON McCAUSLAND: Thank you. We'll
25 move on -- well, is there any objection to the adoption of

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1 the staff recommendation?

2 MS. SMITH: No.

3 Just one further point; I don't believe the
4 adoption of the staff recommendation is a correction of a
5 previous error, because when I voted, I voted intending
6 to have to take this matter under submission at some
7 subsequent date. In my mind the arbitrator's award would
8 constitute supplemental evidence which I will consider
9 at a later date and adopt. I have no problem at all
10 adopting the staff's recommendation.

11 ACTING CHAIRPERSON McCAUSLAND: Without objection,
12 the staff recommendation on Calendar Item 10 is adopted.

13 Calendar Item 11 relates to a lease for 75 acres
14 of submerged land at Moss Landing, Pacific Gas and
15 Electric Company.

16 Mr. Northrop.

17 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
18 Mr. Trout from our staff will make a brief presentation
19 on this stating staff's position.

20 MR. TROUT: Mr. Chairman, Miss Smith, in 1974,
21 Pacific Gas and Electric Company requested the Commission
22 to begin action on an application to expand their marine
23 terminal at Moss Landing to handle larger ships. The
24 major incentive being that the existing marine terminal
25 was designed for smaller ships which were getting into

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1 shorter and shorter supply and more and more difficult
2 for the company to charter.

3 As a result of that, an Environmental Impact
4 Report was prepared. A public hearing was held in Monterey.
5 In fact, it happened to be the night before President Nixon
6 signed his presidency, if I remember. As a result of
7 that hearing there were --

8 ACTING CHAIRPERSON McCAUSLAND: That's hearsay.
9 (Laughter.)

10 MR. TROUT: There were a number of environmental
11 concerns and questions that a number of people felt were
12 inadequately handled in the original EIR. Because of that,
13 and because of changing conditions or uncertain conditions,
14 the company requested that the application be held in
15 abeyance for a period of time.

16 After a chance to reconsider it, PG&E resumed
17 the processing of the application. A subsequent Environmental
18 Impact Report was prepared including a considerable volume
19 of material directly answering questions raised as a result
20 of the first EIR. A second hearing was held in Monterey
21 and the EIR is now completed that process and is before
22 the Commission.

23 The project consists of a typical marine terminal
24 involving seven anchor buoys to handle ships up to 90,000
25 deadweight tons. That would be a limitation both of the

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1 environmental document and the recommended lease. The
2 new facility would require new pipelines for most of the
3 distance. Over against the wall is -- a little bit of
4 glare on it -- but in the upper left-hand corner is a
5 planned view of a tanker in the typical seven point
6 mooring system marine berth. The upper right-hand corner
7 in yellow shows the new pipelines going from the terminal
8 to the plant. The small orange line is the existing
9 line to the marine terminal which would remain in place.
10 And in the lower left-hand corner is a picture of a ship
11 in the berth with the pipelines on the bottom. In the
12 lower right-hand corner is a detailed view of how the
13 pipelines would cross the Moss Landing district and enter
14 the PG&E plant facility.

15 The staff has been involved in this now for nearly
16 four years and have been deeply involved in the environmental
17 process and we have summarized most of this in the calendar
18 item. I believe that there remains some comments to be
19 made from some people representing the environmental
20 community concerning this; and PG&E is present following
21 that to answer any questions or make whatever presentation
22 they wish.

23 EXECUTIVE OFFICER NORTHROP: That completes the
24 staff's presentation.

25 MR. STEVENS: Mr. Chairman, if I could make one

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1 other clarification of the record. The environmental
2 statement which has been prepared contains some statements
3 from the Attorney General's office. These statements were
4 inadvertently included in the environmental statement.
5 They were submitted as legal advice to point out possible
6 issues that could be raised in the environmental assessment
7 and do not represent the Attorney General's position on
8 the Moss Landing project. They were rather simply our
9 advice to staff which was inadvertently included in the
10 document as comments are included from other people.

11 ACTING CHAIRPERSON McCAUSLAND: Thank you,
12 Mr. Stevens.

13 We have several requests to speak. It might be
14 appropriate to allow PG&E to respond to those comments.
15 So if I could start with Norbert H. Dall, Coastal Land
16 Coordinator of the Sierra Club.

17 May I say that I think that the members of the
18 Commission have spent a considerable amount of time
19 reviewing this calendar item and that if you can summarize
20 your remarks, I think we would understand the issues that
21 you're raising. You don't have to overcome us with
22 details. Thank you. Mr. Dall.

23 MR. DALL: Thank you.

24 Mr. Chairman, Commissioner Smith, I'm Norbert
25 Dall. I'm a lobbyist for the Sierra Club. I'm responsible

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1 for the Sierra Club's California Coastal/Land Use Program.
2 I've been with the club for about a year and a half. We
3 have been involved in the California Coastal Management
4 Program since 1973.

5 We would like to commend your small staff for
6 the work that it has done over the years. Even though
7 as our 12-page detailed comments point out, we find many
8 omissions, and we think errors, in the Environmental Impact
9 Report. We understand that this Commission will not act
10 on the application today. We ask, therefore, that the
11 applicant and perhaps your staff supply us with written
12 answers to our questions and especially a copy or two of
13 the proposed lease that the Commission would enter into
14 with the applicant.

15 The Sierra Club recognizes the work this
16 Commission did at the end of last year after the rash of
17 oil tanker accidents around the United States and the world.
18 In so doing, we believe this Commission raised great
19 expectations on the part of Californians and the nation
20 as a whole as a result of the hearings it held and the
21 regulations it prepared concerning tanker terminals within
22 its jurisdiction. We are, therefore, somewhat disappointed,
23 Mr. Chairman, that the present Environmental Impact Report
24 does not even mention those regulations.

25 Altogether, we submit for your consideration that

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1 the Environmental Impact Report is unfortunately inadequate
2 under the provisions of the California Environmental,
3 under CEQA.

4 In reading through the responses in the Final EIR,
5 the last volume that has come out, we find that the responses
6 to our questions, and there have been hundreds of them,
7 are unfortunately, again, at best superficial, instead of
8 being the kind of reasoned, detailed, factual replies to
9 which we have gotten used to as coming from this Commission
10 and its staff.

11 As I indicated to you, we have submitted 12
12 pages, my office has submitted 12 pages of detailed comments
13 both relative to the executive summary, as well as
14 responses to our original comments.

15 If I may, Mr. Chairman, I would just like to
16 address three points and leave the written material as the
17 rest of the record.

18 ACTING CHAIRPERSON MCCAUSLAND: Thank you.

19 MR. DALL: We're concerned that in the past
20 events have occurred under the existing lease from this
21 Commission that should not have occurred and that could have
22 in slightly different circumstances resulted in a
23 catastrophic or near catastrophic event relative to oil
24 spills at the Moss Landing terminal. For instance, we
25 refer you to Comment Number 33 in our specific comments

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1 which relates to a response by your staff and the
2 applicant to comments that were made concerning page IV-37
3 of the draft EIR. On that page it is stated that during
4 June of 1977, while the operator was aware of and repairing
5 a faulty submarine hose which had been detected during
6 the previous tanker delivery of fuel oil, another tanker
7 was brought in and allowed to use the facility. As we
8 understand it -- and perhaps Mr. Golden can correct us
9 as he sits on the Coastal Commission as well as works and
10 represents this body -- the California Coastal Act in
11 Section 30232 which we believe this Commission is also
12 obligated to enforce, requires that the protection against
13 the spillage of crude oil and petroleum products shall be
14 provided in relation to any development or transportation
15 of such materials. We would simply ask, Mr. Chairman and
16 Commissioner Smith, whether in this instant case that
17 protection provided for in California law was obtained.

2
18 Secondly, we find the discussion of alternatives,
19 one of the key questions of CEQA, to be abrupt and rather
20 uninformative. I refer to Comment Number 43 in our
21 present testimony, written testimony. There are two parts
22 to this. One relates to the question of a significant
23 alternative in the sense of replacing oil tankers, that is,
24 vessels that sail on the sea, with fixed pipelines, or
25 a pipeline which is presently in place which is carrying

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1 natural gas or has carried natural gas in the past to the
2 Moss landing power plant.

3 As we understand it, the Public Utilities
4 Commission has provided that such gas supplies to P-4 and
5 P-5 uses will decline and ultimately be curtailed in the
6 future. If, in fact, that is the case, we think, and
7 natural gas cannot be used in great quantities any longer
8 to fuel the power plant, then we believe it is a significant
9 alternative available to this Commission as well as the
10 applicant to consider recycling, if you will, the existing
11 24-inch pipeline into an oil pipeline that is presently a
12 natural gas pipeline. That is being done in other parts
13 of the United States. Most prominently here in California,
14 of course, it has been proposed as part of the SOHIO
15 Project from Long Beach to Midland.

16 We have a number of specific questions that
17 address the possibility of pipeline conversion. I will not
18 repeat those now, because they are on page 12 of our
19 specific comments. However, we would ask that the
20 applicant and your staff supply us with considerably
21 greater detailed factual information. We find in reading
22 the comments, the responses to our comments, that we are
23 provided with conclusions without the evidence or the data
24 to substantiate those conclusions. Now, PG&E and your
25 staff may very well be correct that those pipelines cannot

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1 readily be converted. However, we think that that decision
2 needs to be made on full evidence that is in the record
3 rather than assumptions or intuitions or other proposals
4 that are not part of the record.

5 Secondly, a second alternative that is of concern
6 to us is the fact that this marine terminal is designed
7 and will be built to accept 130,000 deadweight ton tankers,
8 although, as I understand it, the lease will be conditioned
9 from this Commission to only allow 90 ton deadweight tankers.
10 We think that that difference alone raises a significant
11 alternative with which the Sierra Club perhaps might not
12 agree, that is, to bring in the larger tankers. But under
13 CEQA, we believe -- and especially if the applicant means
14 what it says, that is, that the larger the tanker, the
15 less the likely adverse environmental effect. If that
16 is really the intent of this project, then we would submit
17 to you for your consideration that the larger project also
18 be considered in the environmental impacts and benefits
19 if the larger project be compared to the 90,000 deadweight
20 ton projects.

21 Mr. Chairman, in conclusion, all of us have
22 seen recently an editorial in the Los Angeles Times that
23 suggests that the California Environmental Quality Act
24 and the process through which it is implemented will be
25 a Mickey Mouse affair. The Sierra Club certainly does not

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1 believe this. We believe that the State Lands Commission
2 also does not believe that.

3 Given our attitudes, and, I think we share those
4 towards CEQA, we believe that it would be reasonable to
5 send the EIR back to have some more specific factual
6 answers provided. For after all, the California coastline,
7 but especially Monterey Bay to us, and we think probably
8 to you, is too precious to see an event such as what happened
9 off the Coast of France when the Cadiz ran aground occur
10 along our coast.

11 Thank you, Mr. Chairman.

12 ACTING CHAIRPERSON McCAUSLAND: Thank you.

13 Let me ask you one question along that line, if
14 I might. The Legislature made moves last year that were
15 essentially designed to say the environmental impact
16 process is a closed or at least has an in-point to it.
17 You have given this Environmental Impact Report a very
18 thoughtful analysis and provided 12 pages of principally
19 questions that would essentially generate another
20 Environmental Impact Report. I appreciate the concerns
21 that you're raising with this individual project, but I'm
22 trying to fix in my own mind how this Commission can act
23 responsibly as sort of a general policy matter for all
24 applicants. At what point do we determine that we have
25 closed the Environmental Impact Report process? At what

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1 point do we say individual institutions can't really come
2 back and ask us for another detailed set of answers? I
3 need to feel how to do that, because I think it's a question
4 that isn't going to relate just to this project but to a
5 number of others.

6 MR. DALL: Mr. Chairman, the Sierra Club, both
7 the coastal task force that I represent throughout the
8 State, as well as the Ventana Chapter for which there are
9 speakers here behind me, have submitted extensive comments
10 not too different from the ones that we are submitting now
11 since this project was originally proposed for public review
12 or offered for public review several years back.

13 What I think we are saying in essence is that
14 the questions we have asked on several occasions now in
15 our opinion, obviously, have not been adequately addressed.
16 That's not a question of a mitigation measure here and
17 a mitigation measure there, but rather that the responses
18 to our questions have not been supported by the weight of
19 the kind of evidence, the hard information that we think
20 reasonable people ought to be able to review before they
21 agree to a project or at least sign off on it.

22 As you may know, the Sierra Club has not been
23 opposed to every oil and gas development along the
24 California Coast. As a matter of fact, even though we still
25 have a number of reservations at the end, the Sierra Club

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1 by a decision of its top leadership in the State ultimately
2 came to support at least certain portions of the SOHIO
3 project, so I don't want to convey to you the impression
4 that we are endless opponents of every project, because
5 that is not the case. However, we do concern ourselves,
6 as you know, with the environmental impacts, and we think
7 that full information needs to be available.

8 A second comment, if I may, just shortly.
9 AB 884 by Speaker McCarthy was a bill that we supported.
10 We think that in most instances the environmental review
11 process can be completed within much shorter time frames
12 than they have in the past, and we stated this in the
13 Legislature when that bill was moving through. We believe
14 that that takes a good faith effort on the part both of
15 the applicants for projects, as well as the environmentalists,
16 as well as the governmental agencies reviewing the
17 projects and the comments. We, unfortunately, feel
18 compelled to say that, aside from good faith, for whatever
19 reason, some of that full disclosure has not occurred.
20 I don't know if that answered your question.

21 ACTING CHAIRPERSON McCAUSLAND: You have a
22 question?

23 MS. SMITH: I have a question for Jan.

24 To what extent are we obligated to meet the
25 objections raised as a Commission since we are the lead

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1 agency on this project; aren't we?

2 MR. STEVENS: Yes, we are. I'd like Mr. Frank
3 to come up because he's made quite a study on this matter
4 and I think one question may lead to another.

5 MR. FRANK: Yes. I'm Rick Frank with the
6 Attorney General's office.

7 Our office has examined the environmental
8 documentation that's been prepared throughout this process.
9 We feel that procedurally it is adequate. There is, of
10 course, nothing to prevent the Commission or the staff
11 from deferring action if it feels appropriate in taking
12 either formally or informally the comments of the concerned
13 public and responding to them in any way they feel necessary.
14 But the procedural requirements of the California Environmental
15 Quality Act have been met by the staff up to this point.

16 ACTING CHAIRPERSON MCCAUSLAND: You want to ask
17 what the procedure is?

18 MS. SMITH: Yes. Would you like to outline the
19 procedure? I'd like to know what steps have been taken
20 thus far and what the procedure is for opening it up
21 again.

22 MR. FRANK: As Mr. Trout, I believe, indicated
23 at the outset, an initial Environmental Impact Report was
24 prepared in 1974. As a result of a number of considerations,
25 that report and the project at that time was tabled for

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1 further consideration. Approximately a year ago, I believe
2 a draft Environmental Impact Report was prepared by the
3 division, circulated for public comments, and also the
4 comments that concerned State and local and federal
5 agencies.

6 As a result of those comments, a final report
7 was prepared which consisted principally of the State
8 Lands Division's responses to the comments in conjunction
9 with an executive summary which is also found in your
10 calendar items.

11 Again, that document has been made available and
12 circulated in accordance with the requirements of the Act
13 and implementing regulations of the Secretary of Resources.
14 That is the point at which we are at today.

15 To finish up the procedures at some point prior
16 to making a decision on this project, the Commission would
17 be required to certify or approve the completeness of the
18 document and then move on to a substantive decision on
19 the merits of the project.

20 MS. SMITH: If you were to respond to the
21 comments made today, would you have to circulate your
22 response to all the agencies that are concerned or the
23 public generally, or would you just send it to Clearinghouse?

24 MR. FRANK: My tentative conclusion would be
25 that you are not legally required to do so, and the normal

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1 circulation period is 30 days. So if you were going to hold
2 it open and go through the circulation process, that
3 would essentially require a two-month delay of the
4 consideration of this process. That is not legally
5 required under CEQA. As I mentioned before, the Commission
6 has substantial discretion in the manner in which it
7 sees fit to respond to these comments. It could require
8 a supplemental Environmental Impact Report to be distributed
9 through the Clearinghouse. It could ask the staff to
10 informally present responses to the Sierra Club's
11 comments at a subsequent meeting. I think either of those
12 would meet the procedural requirements of the Act.

13 ACTING CHAIRPERSON McCAUSLAND: Thank you.

14 Next we have Rod Holmgren, the Chairman of the
15 Moss Landing Deep Water Port Task Force.

16 MR. HOLMGREN: My name is Rod Holmgren. I come
17 from Carmel. I'm the Acting Chairman of the Moss Landing
18 Task Force for both the Northern California Regional
19 Conservation Committee of the Sierra Club and the
20 Chapter.

21 We find the final EIR inadequate in several
22 important respects. We're particularly concerned by
23 statements and tables on growth-inducing impacts, feasible
24 alternatives, tanker-size alternatives, and oil spill
25 risks. On the last page of the executive summary under

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1 Growth-Inducing Impacts, the statement is made:

2 "The existing power generating
3 equipment of the Moss Landing Power
4 Plant will not be expanded as a result
5 of the project."

6 We ask the State Lands Commission to consider the
7 question: Is this proposed project merely one step in
8 PG&E's plan to expand the Moss Landing Power Plant production
9 capacity by 900 megawatts in the near future?

10 On March 1, 1978, the Monterey Peninsula Herald
11 quoted Donald Phipps, PG&E's divisional steam manager at
12 Moss Landing, as saying that "PG&E plans to hook old
13 steam-electric generators in combination with new gas
14 turbines in the 1980's to boost the Moss Landing plant's
15 capacity by 900 megawatts. Current capacity is 2,120
16 megawatts, Phipps said."

17 There's a clipping attached to this document
18 I have distributed here.

19 In fact, PG&E has been planning this repowering
20 for a long time. On October 28th of last year, the Central
21 Coast Regional Commission of the California Coastal
22 Commission applied for a federal funding under the Coastal
23 Energy Impact Program to study the socioeconomic,
24 environmental and geophysical impacts of PG&E's proposed
25 boost of almost 50 percent in its power generating capacity

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1 at Moss Landing. That funding has now been approved and
2 the staff of the Regional Commission is going forward with
3 that study. In view of these developments, we believe the
4 Lands Commission cannot consider the EIR as complete until
5 it has more information on PG&E's plans for (a) the near-
6 term future of the Moss Landing plant, and (b) the fueling
7 needs associated with those plants.

8 For example, isn't it likely that an additional
9 900 megawatt capacity will entail a substantial increase
10 in the amount of fuel consumed by the Moss Landing plant,
11 and a substantial increase in the emission of air pollutants
12 even if they allow for the increased efficiency of the
13 units that PG&E plans to install?

14 Isn't it also likely that within a few days
15 or weeks after approval of the present application for
16 terminal expansion, PG&E will be filing an application
17 for further expansion to handle 130,000 deadweight ton
18 tankers? In view of this probability, we believe the
19 Lands Commission will want to consider the future decision
20 which PG&E has already made rather than merely the
21 present decision which it has tried to advance here as
22 no more than a move for greater "flexibility" in seeking
23 tankers to bring oil to Moss Landing.

24 As another indication of increased pressure
25 for a sharp step-up in oil deliveries at Moss Landing,

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1 we ask you to note Table 8 in the draft EIR which was
2 completed last August and not modified in the final EIR.
3 That table called for Estimated Fuel Requirements at
4 Moss Landing of 15.69 million barrels for an average year
5 by 1982. Yet Table 7 on page 8 of the final EIR uses
6 the figure 15.7 million barrels as soon as the 90,000 DWT
7 facility is in place. Donald Phipps is quoted by the
8 Herald as predicting that it will be in place by late
9 this year. There's another clipping attached here. That
10 would be four years earlier than PG&E was predicting last
11 summer. We interpret this as indicating that PG&E is
12 already consuming oil at Moss Landing at a faster rate than
13 it predicted last August. When the repowering is completed,
14 we assume that fuel consumption would be still greater.

15 We find inadequate the response to Comment 149
16 regarding the alternative of converting the present gas
17 pipeline from Richmond to carry oil. Mr. Dall has commented
18 on that.

19 We find the figures on Tables 7, page 8, and
20 13, page 12, confusing, but they do make some significant
21 revelations. Please note that Table 13 gives no estimated
22 figures for deliveries needed during an average year,
23 only figures for an adverse year.

24 The important point to note here is that even
25 if the Commission approves the proposed lease, PG&E is

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1 planning to make far more deliveries in small tankers of
2 40,000 tons or less than in tankers of 50,000 or 90,000
3 tons. Indeed, it predicts that only 12 deliveries in
4 90,000 ton tankers would be made in an adverse year. That
5 would represent a total of seven and a half million barrels
6 of oil delivered by the larger tankers in an adverse year,
7 as compared to the need for 15.7 million barrels in an
8 average year and 21 and a half million needed in an adverse
9 year.

10 In other words, PG&E is planning to use the
11 new facility at its highest capacity for less than half
12 of the amount of oil delivered in an average year, and
13 for slightly more than one-third the amount needed in an
14 adverse year. Thus, it won't be bringing tankers into
15 Moss Landing every eight or nine days as its arguments
16 suggest, but, if we allow for the two months of winter
17 weather downtime, once every 3.8 days or once every 91 hours
18 to be precise.

19 The questions that we believe need to be raised
20 here are:

21 First, does PG&E have contracts or is it
22 negotiating for contracts to use more of the 50,000 to
23 90,000 tankers than these tables indicate; and

24 Second, will PG&E be willing to stipulate that
25 if the Commission grants this lease, it will bring no tanker

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1 smaller than 50,000 DWT into the Moss Landing facility?

2 Long ago, PG&E convinced the Sierra Club that
3 it should not be using WWII-vintage T-w tankers to bring
4 oil to Moss Landing. Indeed, Sierra Club supported the
5 application for the 50,000 ton facility in 1973 for
6 exactly that reason. PG&E is now pleading for still a
7 larger facility and piously arguing that such a facility
8 would reduce the oil spill danger because the larger
9 tankers are safer. And yet it is obviously planning to
10 continue using these small tankers, including the T-2's,
11 into the future indefinitely.

12 We recognize that PG&E wants maximum flexibility
13 in seeking tankers to bring oil to Moss Landing. A look
14 at the figures indicates that almost all the oil used in
15 recent years has come from either the San Francisco or
16 L.A. areas which are not very many sailing hours from Moss
17 Landing. We believe it would be desirable for the company
18 to buy one or two well-designed 50,000 DWT tankers
19 in order to realize full utilization of the present
20 facility. We call your attention to the chart which is
21 attached at the back page here as to the availability
22 of tankers in that range.

23 According to our figures, if only 50,000 ton
24 tankers were visiting the harbor, 47 trips would be made
25 in an average year, or only one every 6.3 days instead of

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1 one every 3.8 days which is what the company is now
2 forecasting even if it gets the 90,000 ton facility.

3 The statement is made on page 2 of the Executive
4 Summary that Elkhorn Slough has been designated a California
5 State Estuary Sanctuary. This is incorrect. The
6 California Coastal Commission has made Elkhorn Slough the
7 only nominee on the California coast for federalestuarine
8 sanctuary status. There is every indication that this
9 nomination will be confirmed in Washington very shortly.

10 In its "answers to environmental questions",
11 PG&E admitted that "the use of larger vessels does mean
12 that, theoretically, a larger spill can occur."

13 In the same document the response is made,
14 "the booms, which will be immediately deployed whenever
15 the Spill Alarm sounds, will be effective in preventing
16 spilled oil from entering Elkhorn Slough in all the
17 strongest current situations." On the same page, PG&E
18 denies that surface currents are likely to sweep oil
19 under booms. Yet on page 90, it admits that deployment
20 of all three booms, including the one across the mouth of
21 Elkhorn Slough, would take about two hours. It goes on,
22 "in adverse weather or during tidal flows in excess of
23 one and a half knots, the boom across Elkhorn Slough would
24 not be completely effective. Some oil would get by."
25 To mitigate this problem, we urge that if this lease

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1 is granted, it contain a requirement that unloading
2 be limited to periods of outgoing tides. We find the
3 worst case analysis very disquieting. It gives little
4 assurance that in adverse weather situations with strong
5 tidal flow, the Slough would be completely protected.

6 We also urge that all offloading be
7 during periods of temperature inversions, thus, no
8 burn days, in order to decrease air pollution.

9 The recent developments make us feel uneasy about
10 the idea of bringing as many tankers as PG&E proposes
11 into Moss Landing. One is an indication that tanker
12 spills are primarily the result of human error. That is
13 the only conclusion from the shocking oil spill off the
14 coast of Brittany last week. The result was that 6 billion
15 barrels of crude oil were spilled, at least 80 miles of
16 the Brittany Coast were covered with oil, an untold
17 damage was done to rich fishing waters. Damage that will
18 last perhaps ten or more years.

19 Another is a story from Washington which appeared
20 in the Monterey Peninsula Herald on March 20 of this year
21 quoting the general accounting office as saying that the
22 Coast Guard has not been given enough resources to
23 contain and clean up spills adequately. The Commission does
24 not need to be reminded that the Coast Guard monitors
25 clean-up drills and procedures at Moss Landing.

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1 On that same day, March 20, PG&E conducted an
2 oil spill clean-up drill at Moss Landing. Captain
3 William C. Lundeen of the Monterey Coast Guard said,
4 "As a learning experience, it was very effective." One
5 may ask why it is still necessary for PG&E clean-up
6 crews to learn the drill procedure five years after the
7 permit for the 50,000 ton tanker facility was granted.

8 You might look at the attached clippings
9 for a report by the Herald on that drill.

10 The central question here is whether the Coast
11 Guard's critiquing of the drill procedure is strict enough,
12 and whether the procedure itself is adequate. We urge
13 the Commission to consider insisting that a special crew
14 not drawn from regular PG&E personnel be trained for the
15 specific purpose of responding to spill emergencies at
16 Moss Landing, and that such a crew be required to drill
17 far more frequently, under a greater variety of hypothetical
18 situations, than the PG&E crew has been thus far.

19 Air polluting emissions are discussed in the
20 response to Question 121 and in Tables 15, 16, 17 and 18
21 in the final EIR. We note the sharp differences between
22 the emissions, especially of hydrocarbons and SO_x in
23 Tables 15, 16, 17 and 18 in the draft EIR and the same
24 numbered tables in the final EIR.

25 Explanation for these marked differences is lacking.

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1 Since the draft tables were apparently in error, we should
2 be told what caused the error. What are the new factors
3 and/or assumptions on which the final EIR tables are
4 based?

5 There are some further miscellaneous comments.
6 You have them before you.

7 Our conclusion is in view of these final EIR
8 inadequacies and omissions, and especially the failure to
9 take PG&E's repowering plans into account, we recommend
10 that the State Lands Commission deny the lease.

11 ACTING CHAIRPERSON McCAUSLAND: Thank you.
12 Appreciate your contribution, Mr. Holmgren, and I believe
13 that this matter may be before us a little longer and
14 we'll have a chance to digest your comments.

15 MR. HOLMGREN: Thank you very much.

16 MS. SMITH: Thank you.

17 ACTING CHAIRPERSON McCAUSLAND: Mr. Judson
18 Vandevere of the Audubon Society and Friends of the Sea
19 Otter.

20 MR. VANDEVERE: Mr. Chairman, upon receipt of the
21 final EIR, I was disturbed by its inadequacy in regard
22 to the serious issues raised in my testimony of September 14,
23 1977 before this Commission. That's the hearing in
24 Monterey of September 14th. These issues were ignored
25 and replaced by one sentence. I quote:

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1 "What are the plans for the care
2 of oiled animals?"

3 The response which follows places responsibility
4 on the Department of Fish and Game, ignoring condition 7
5 placed upon PG&E by the Coastal Commission when it approved
6 Phase I expansion.

7 As the important points I raised in my prior
8 testimony have been ignored, I resubmit that testimony for
9 reconsideration. That testimony was:

10 As a director of the Monterey Peninsula Audubon
11 Society I wish to comment on the inadequacy of this EIR as it
12 relates to the care of oiled animals in the event of a
13 spill. I am not able to find in the EIR or in the Appendix
14 D any plans for the care of oiled animals.

15 The Coastal Commission approved Phase I expansion
16 of the Moss Landing Terminal but placed as a condition the
17 requirements that the supervisory personnel and
18 volunteers be trained to care for oiled birds and that a
19 cleaning center be established and materials be stock piled.

20 PG&E did pay for the initial training of super-
21 visory personnel on the weekend of June 8, 1974, but at the
22 conclusion of that training session Robert Arthur of PG&E
23 informed me of the company's desire not to train volunteers
24 other than PG&E employees.

25 I was one of the trained supervisors and along

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1 with Robert Arthur and Dr. Robert Coulter I was named to the
2 coordinating committee which has never met. Our plan called
3 for "all personnel will partake in a two to three hour
4 annual refresher course." To my knowledge there has never
5 been a refresher course. We also planned to establish a
6 cleaning facility at Ft. Ord, and to my knowledge this has
7 never been done and no materials are available for bird
8 cleaning in the Monterey area.

9 I feel that it is essential that supervisory
10 personnel, trained volunteers who are not PG&E employees
11 and a center at Fort Ord be established immediately for the
12 cleaning of wild animals in the event of an oil spill. I
13 believe such a plan should be a part of this EIR.

14 In my opinion, PG&E personnel will be so busy
15 stopping the spill, containing and cleaning up the oil that
16 they will not be available for wild animal rescue and
17 cleaning.

18 Because PG&E failed to carry out the conditions
19 required of them by the Coastal Commission, the EIR should
20 place the responsibility with the International Bird Rescue
21 Research Center, Berkeley, California. The expense of this
22 project should be borne by PG&E.

23 Because PG&E failed to carry out the conditions
24 required of them by the Coastal Commission, expansion of
25 their terminal to accommodate larger tankers capable of

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1 larger oil spills should not be permitted. Sincerely,
2 Judson E. Vandevere, Director, Monterey Peninsula Audubon
3 Society.

4 Now, for the Friends of the Sea Otter.

5 "I am Judson Vandevere, speaking
6 for Betty Davis, Executive Secretary
7 of Friends of the Sea Otter who could
8 not be here today.

9 "The Friends of the Sea Otter
10 appreciates the opportunity to partici-
11 pate in this hearing on the Final
12 Environmental Impact Report for the
13 PG&E Marine Terminal Expansion at Moss
14 Landing and the leasing of State lands
15 for the construction and operation of
16 this facility.

17 "Noting that our comments presented
18 to the Commission in Monterey on
19 September 14, 1977 were incorporated
20 verbatim into the Final EIR, we have
21 only a few corrections and additions to
22 make in our specific area of interest.

23 "With respect to page 2 of the
24 Executive Summary of the EIR, all
25 relevant endangered species should be

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1 listed, and their names spelled
2 correctly. Thus, the gray whale should
3 be added and the norther elephant seal
4 spelled --"

5 and these changes that Dr. Betty Davis is asking in her
6 third paragraph are also contained in my testimony. I made
7 these corrections of spelling and these suggestions for
8 additions on September 14, 1977, and they were not made at
9 that time or they're not part of this final EIR. She's
10 just repeating what I testified to in my last paragraph of
11 my September 14th, 1977 testimony.

12 "With respect to our comments on
13 section VII-26, we would like to add
14 emphasis to our earlier statement that
15 there is nothing "potential" about
16 what would happen to the threatened
17 southern sea otter, in and adjacent to
18 Monterey Bay, in event of an oil spill
19 or any contact with oil from the
20 proposed facility and its related
21 activities. In essence, we would like
22 to reaffirm the unfortunate fact that
23 as we stated before: an 'oiled otter is
24 a dead otter.' Since making our
25 presentation to the Commission in

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1 September of last year, the results of two
2 sets of sea otter oiling experiments
3 carried out in Alaska and California
4 have been presented to the scientific
5 community. The results of these recent
6 experiments indicate that:

7 "1. Otters do not avoid oil on the
8 water, but on the contrary swim repeatedly
9 into it and become completely saturated,
10 dying within 8 hours.

11 "2. Otters cannot clean themselves
12 up when heavily or even moderately
13 oiled -- nor can they be cleaned up
14 satisfactorily by humans using the best
15 of equipment and under the most favorable
16 and controlled conditions. Detergent
17 solutions used to remove surface oil from
18 otters also removes intrinsic oil from
19 their pelage, reducing both its water
20 repellancy and its capacity to
21 hold air bubbles which provide insulation
22 next to the skin. Otters have
23 no blubber for insulation as do other
24 marine mammals. Thus, even after being
25 cleaned and dried, otters become soaked

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1 to the skin on re-entry into water.
2 To avoid chilling and pneumonia, they must
3 be kept in warm water for extended
4 periods; but even with this meticulous
5 attention, the otter's metabolic rate
6 takes days to return to normal and they
7 may succumb to pneumonia.

8 "3. Two otters, one with a small
9 patch of oil and another cleaned, kept
10 dry over night, and released -- both showed
11 abnormal behavioral patterns for
12 several days as monitored by radio
13 transmitter tracking device and though
14 their activities began to settle back
15 to normal, radio contact was lost too soon
16 to be assured of their recovery.

17 "Thus, at the present state of the
18 art, the prognosis for cleaning oiled
19 otters successfully and restoring them
20 to their environment seems dim. Further-
21 more, the prospects for corralling or
22 capturing more than a few of them in front
23 of a spreading oil spill and restoring
24 them to distant clean waters seems equally
25 tenuous under usual spill conditions. As

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1 the Department of Fish and Game is
2 finding out in current otter tagging
3 operations, sea otters take a long time
4 to capture one by one and do not respond
5 well to herding into tangle nets.

6 "Considering that the entire population
7 of the southern sea otter -- and the only
8 population of sea otters easily available
9 for observation -- occurs on the central
10 California coast and is very visible in
11 Monterey Bay, we are deeply concerned about
12 the enlargement of any oil facility, the
13 arrival of larger tankers, and any other
14 oil-related activity that would further
15 endanger the well-being of this threatened
16 marine mammal. It must be remembered that
17 oil threatens otters not only by irreparably
18 soiling their fur, but by contamination
19 of their shellfish food sources -- equally
20 important for their survival.

21 "We are not convinced that the
22 Final EIR has answered satisfactorily
23 those questions about the extent and
24 nature of potential oil impacts on
25 shellfisheries and other marine biotic

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1 resources. Rather this question
2 still appears to be glossed over wherever
3 it arises. Merely presenting the essay
4 on "Ecological Interactions and Food
5 Webs in Estuaries" as an answer to the
6 question of possible impact on Elkhorn
7 Slough is not enough -- though it certainly
8 provides a chilling prospect reading between
9 the lines of what the outcome could be.

10 "It has been said that ecosystems are
11 not only more complex than we think but
12 that they are more complex than we can
13 think. This bit of wisdom seems especially
14 true of the cloudy relationship between
15 oil, the chemicals used to clean it up, and
16 the marine environment. When in doubt
17 we should err on the side of caution. There
18 is little doubt now about what happens when
19 otters meet oil. Thus we are seriously
20 concerned about the proposed enlargement
21 of the Moss Landing Mooring Facility of
22 PG&E which would make the remnant southern
23 sea otter population, and the marine
24 ecosystem of which it is an important
25 component, even more vulnerable to

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1 disaster than it already is.

2 "The Friends of the Sea Otter,
3 therefore, respectfully urge that the State
4 Lands Commission consider carefully the
5 adequacy of an EIR that needed so much
6 correction and supplementing, and that
7 the lease of submerged state lands to PG&E
8 for the expansion of the Moss Landing
9 Marine Terminal facility be denied.

10 "Thank you for the opportunity to
11 comment on this important matter and
12 for your attention."

13 Signed Betty S. Davis, Ph.D., Executive Secretary,
14 Friends of the Sea Otter, Carmel.

15 ACTING CHAIRPERSON McCAUSLAND: Thank you very
16 much.

17 MS. SMITH: Am I correct in understanding that
18 the EIR does address these objections that were raised?

19 MR. TROUT: Yes, I think from all of the speakers
20 I think it's largely a matter of interpretation when something
21 is enough. I guess maybe reasonable men could never agree
22 on that point, but we believe that every effort has been
23 made to answer these questions in a rather lengthy report.
24 In fact, this white volume here is the answers to the
25 questions of the first hearing that we held in 1974. In

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1 addition, there is a subsequent Environmental Impact
2 Report that was submitted and heard last September. So I
3 guess it is a matter of opinion largely.

4 MS. SMITH: Thank you. And you've reviewed these
5 documents?

6 MR. VANDEVERE: Yes.

7 MS. SMITH: And you still feel they're inadequate?

8 MR. VANDEVERE: Yes, I do. You notice that the
9 testimony that I reread to you from my September 14th, 1977
10 testimony was, in this latest EIR, made into just one
11 sentence. I read that one sentence to you. And it is,
12 "What are the plans for the care of oiled animals?" That
13 has nothing to do with my complaints and my testimony of
14 September 14th.

15 ACTING CHAIRPERSON McCAUSLAND: Thank you.

16 MR. VANDEVERE: That's what I mean by inadequate.

17 MS. SMITH: Okay.

18 ACTING CHAIRPERSON McCAUSLAND: Thank you very
19 much.

20 I should note for the record that the League of
21 Women Voters of Monterey Peninsula states that they do not
22 take a position either in support of or in opposition to the
23 proposed project, but they do list a number of concerns
24 similar to those which have been referred to in the
25 testimony today.

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1 It is now PG&E's turn to take up the Calendar
2 Item Number 11.

3 MR. BAUMGARTNER: Mr. Chairman, my name is Peter
4 Baumgartner. I'm an attorney with Pacific Gas and Electric
5 Company.

6 PG&E is prepared to answer the questions of the
7 Commission at this time. For that purpose, I brought with
8 me, and I would like to introduce at this time, a number of
9 people from PG&E's staff. When I introduce them, if each
10 of you would stand for the record and so that you could be
11 identified.

12 Mr. Larry Harrison who is the Project Coordinator
13 from PG&E's headquarters in San Francisco.

14 Mr. Roy Hawes from the Moss Landing power plant,
15 the superintendent's office.

16 Mr. Robert Grow, Chief Planner from the Land
17 Department of PG&E.

18 Mr. Larry Brown who coordinates our preparation
19 of their impact data.

20 Mr. Rich Mohr who takes care of our tanker
21 chartering and oil procurement.

22 PG&E will be pleased to answer whatever questions
23 the Commissioners have.

24 MS. SMITH: Mr. Baumgartner, I understand that the
25 Coastal Commission or the Coast Guard recently called a

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1 practice drill?

2 MR. BAUMGARTNER: That's correct. Their permit
3 for the present terminal which we received from the Coastal
4 Commission several years ago requires that surprise drills
5 be held. The surprise element, in order to have a surprise
6 drill, of course, the drill has to be held by somebody else
7 and the drill is held under the supervision of the Coast
8 Guard who is charged in the federal law with the supervision
9 of the preparation of spill cleanup plans. A drill was
10 held, several drills have been held since the permit was
11 granted. The latest one of which was held about a week
12 ago or ten days ago.

13 MS. SMITH: And what were the circumstances
14 surrounding that drill?

15 MR. BAUMGARTNER: I'm going to ask Mr. Hawes to
16 answer the drill questions, because we was there and saw
17 it and I was not.

18 MR. HAWES: For the record, the name is Hawes.

19 MR. BAUMGARTNER: Sorry.

20 (Laughter.)

21 MR. HAWES: I'm Roy Hawes. I'm Supervisor of
22 Coast Valley Division stationed at Moss Landing power
23 plant.

24 I was a witness to the extent of the oil spill
25 drill. I could tell you the whole story, but I could respond

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1 to questions. When you say what were the circumstances --

2 MS. SMITH: Yes. I've been briefed by the
3 staff and told that the Coast Guard issued an unfavorable
4 report on PG&E's performance in this drill. I thought
5 since I would be requesting a copy of that report, you
6 might want to present any facts or circumstances in your
7 defense.

8 MR. HAWES: I'll respond to that directly.

9 I witnessed the extent of the entire operation.
10 I participated in a post-incident debriefing in the Coast
11 Guard headquarters at Monterey, and I was satisfied that
12 the Coast Guard was, if not pleased with our operation,
13 that they would be satisfied that the drill was successful.

14 I don't understand the report that you received.

15 In other words, I'm saying that the Coast Guard
16 indicated to us that they were satisfied with our performance
17 in that drill. So I don't know the source of your
18 statement.

19 MS. SMITH: Bob, would you like to comment?

20 EXECUTIVE OFFICER NORTHROP: Miss Smith, that
21 was prepared by our Environmental Program Management Unit,
22 that briefing. Mr. Sanders is manager of that section. I
23 think it would be well if you have a question on that
24 issue, you might want to address it to him.

25 MS. SMITH: Did both the Coastal Commission and

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1 the Coast Guard do an evaluation of PG&E's performance?

2 MR. SANDERS: Yes, Miss Smith. I was present at
3 a resources agency tanker task force meeting last Thursday
4 at which both Coastal Commission staff and Coast Guard
5 staff related circumstances surrounding the test drill.
6 The Coast Guard stated that the staff of PG&E did follow
7 the book, i.e., they went by the plan specifically, having
8 some trouble since it was the first time at least to their
9 knowledge that it had been rehearsed. However, the
10 test was called specifically at an ebb tide I believe is the
11 term used. The present oil spill contingency plan did not
12 consider such a tide.

13 So while the PG&E employees followed the
14 contingency plan to the book, the book in this particular
15 instance was not applicable to the situation in which the
16 drill was called. I believe the situation could be likened
17 to the circumstance where a fire extinguisher is required
18 in a building and it is so installed. A fire is present
19 and the fire extinguisher is used, but it might be an
20 electrical fire and the fire extinguisher may only be
21 applicable to gasoline or paper fires. It's not, you know,
22 it's the circumstance under which the drill was called and
23 the contingency plan did not adequately consider or meet
24 that circumstance.

25 MR. HAWES: I think that the Coast Guard's

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1 preconditions in establishing and setting this drill, they
2 set the boundaries of what the spill involved, its
3 location, and we responded to that set of conditions.
4 I'd like to submit for your information that last fall or
5 last summer in July we had a small spill, and because we
6 could see where the oil was and because we could identify
7 the location of the leak specifically, we responded and
8 cleaned up, stopped and adequately cleaned up an oil spill
9 that could have been very bad in very short order.

10 Considering the circumstances of both the
11 surprise, unexpected drill, the fact we had no tanker in
12 the mooring, and the first instruction we got in the matter
13 was that you have a tanker in the mooring and there's
14 a leak. So starting from here, I think that the operating
15 personnel, once realizing that there is no tanker in the
16 mooring and this is a drill, we were something in the
17 order of two to three minutes ordering the pump shut down
18 and the vacuum pulled on the sea line to stop the leak.
19 Twenty minutes later we had a boat deployed and had had
20 a boom under tow. I just don't understand. We were
21 satisfied that in the circumstance of a real spill, our
22 people would have seen the oil and done what would have
23 been necessary to surround the oil. I think we had kind
24 of a ghost here where nobody could see where the oil was.
25 So we took the Coast Guard's word for the location of this

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1 spill and deployed the booms where the spill was.

2 Now, I would like to say that we learned something.
3 As a matter of fact, we were satisfied that the contingency
4 plan was going to work. It did work. But we found areas
5 that we could improve, and we are improving them. So this
6 is some background on it.

7 MS. SMITH: Yes.

8 MR. SANDERS: Miss Smith, I would like to add a
9 couple of things in this instance.

10 First of all, at the meeting of the tanker task
11 force, I requested the Coast Guard to expedite their
12 findings and conclusions of the test and forward a copy to
13 the State Lands Commission staff. Secondly, I believe the
14 EIR that is before you today requires a complete revamp
15 of the oil spill contingency plan. So if such occurs,
16 it can obviously take advantage of any experiences that
17 have been encountered in previous instances.

18 MS. SMITH: Okay. By what date must that plan be
19 revised?

20 MR. SANDERS: I'm not familiar with that specific
21 portion.

22 MR. HAWES: It's in the process of being revised
23 now.

24 MR. TROUT: It has to be revised before operation.

25 MR. SANDERS: Before operation. I misunderstood
26 that you meant a specific date. It's before operation.

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1 MS. SMITH: Okay.

2 MR. BAUMGARTNER: The new plan would certainly
3 have to be approved by the Coast Guard prior to any
4 operation of the new facility.

5 My name is Peter Baumgartner. I'm an attorney
6 for PG&E.

7 MS. SMITH: In light of the fact that you've
8 requested the findings from the Coast Guard, I would like
9 to move that we postpone any action on this calendar
10 matter until we are in receipt of those findings and have
11 an opportunity to review them.

12 ACTING CHAIRPERSON McCAUSLAND: Chairman Cory
13 has left a note saying that he would like an opportunity to
14 review the Coast Guard's record on this test as well. It
15 takes two votes for concurrence on any item before this
16 Commission. So I think I would like to instruct the staff
17 to sit down with PG&E as soon as possible and see if we
18 can't bring this matter to a close. PG&E needs the
19 information, needs the decision from us. We are the lead
20 agency. After they get through with our help, they have
21 to go to those agencies whose primary mission are the
22 environmental concerns, and I certainly hope that whatever
23 work staff does with PG&E over the next couple of months
24 is designed to get that package into the kind of shape that
25 those other agencies will be able to say, "Boy, did the State

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1 Lands Commission do a good job on that one." I think we
2 definitely owe PG&E an answer soon --

3 EXECUTIVE OFFICER NORTHROP: Yes, sir.

4 ACTING CHAIRPERSON McCAUSLAND: -- on this permit.

5 All right, then. It's the will of the Commission
6 that this matter be put over for one month.

7 Item 12 relates to a lease to the Willow Berm
8 Corporation for a 10.86 acre parcel of tide and submerg d
9 land in the Mokelumne River adjacent to Andrus Island,
10 Sacramento County. Are there any questions?

11 Anyone in the audience wish to testify on Item 12?

12 Without objection, Item 12 is adopted.

13 Let me state to the best of my knowledge the only
14 requests I have to appear now are on Item 15. If
15 anybody wants to appear on any other item, please file
16 a pink sheet with the secretary in the back of the room
17 because we will move through the agenda relatively rapidly
18 from this point on.

19 Agenda Item 13 relates to a land exchange in
20 San Mateo County. Are there any questions regarding Item
21 13?

22 Item 13 is approved. Staff recommendation is
23 adopted as submitted.

24 Item 14 relates to a proposed boundary line
25 agreement in Sacramento County.

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1 Without objection, -- there's a question.

2 MS. SMITH: There's one correction that should
3 be made for the record in the calendar item, page 64.

4 MR. HIGHT: Yes. On page 64, the calendar item,
5 paragraph before the recommendation should include Swamp
6 and Overflowed Lands Survey No. 1059 which is included and
7 should also include Number 562.

8 ACTING CHAIRPERSON McCAUSLAND: The staff recommenda-
9 tion as amended is adopted without objection.

10 Item 15 relates to Seal Beach. This is a proposal
11 to develop a 2.78 acre parcel of State lands. There will
12 be a staff presentation and then Bruce Conn and Anne Russell
13 have requested an opportunity to testify.

14 EXECUTIVE OFFICER NORTHROP: Mr. Chairman,
15 this was handled by Mr. Trout's section, and he'll make a
16 presentation on it.

17 MR. TROUT: The Commission may remember that
18 this same site was sent up for proposal at an earlier
19 time. The Commission selected an offering for a Mexican
20 restaurant that ultimately fell through.

21 Proposals for the development of this site was
22 sought again in December of 1977, and a January 31, 1978
23 deadline was set for the receiving of the proposals.
24 During the first week of January an ad was run in the
25 Los Angeles Times requesting proposals for the development

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1 of this piece of property and at the request of one or
2 two developers, the deadline was informally extended by
3 notice to all persons of record at that time to February
4 3, 1978.

5 There were some five proposals that came in
6 within the deadline. A sixth proposal came in late in
7 February and on March 24th we received a seventh proposal
8 after the Commission's calendar had already gone to print.
9 The proposals were evaluated by the staff on three bases.
10 Public use, we were looking for the widest possible
11 availability of the development to the public. Second,
12 we were looking at a relationship between public use, in
13 other words, off the street use to anybody, as opposed to
14 a private or membership type use or a somewhat captive
15 clientele type of use. Third, we looked at the obvious
16 factor of income potential.

17 In all cases, the proposals were evaluated
18 and we attempted to come up with a gross income annually
19 on the proposal so that we could evaluate what a percentage
20 rental, how that would return to the Commission.

21 As a result of the evaluation on these premises,
22 the Commission recommends the proposal, the staff recommends
23 to the Commission the proposal of Bruce Conn, et al., the
24 Seal Beach Park proposal. The proposals are summarized
25 in the calendar item except for the seventh one which came

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1 in after the deadline. I think the staff recommendation
2 pretty much speaks for itself on the basis of our
3 evaluation.

4 ACTING CHAIRPERSON McCAUSLAND: All right. Let
5 me call Anne Russell, if I could, because I believe she
6 intends to, or would like to, protest the staff recommenda-
7 tion, and Mr. Conn who would be the approved party if the
8 staff recommendation is adopted and is available for
9 questions if necessary.

10 Mrs. Russell?

11 MS. RUSSELL: It's a good project because it's
12 basically our project, what we submitted over a year ago.
13 The reason I'm here is because I feel that our file was
14 not correctly reviewed. I'm merely asking that we have
15 the opportunity to make a new presentation.

16 ACTING CHAIRPERSON McCAUSLAND: Will the staff
17 respond to that?

18 MR. TROUT: Well, we certainly are willing to
19 consider any new proposals. I think that our staff would
20 recommend that if we do this, that we also open it up --
21 we have received a couple of more telephone calls, and
22 including the proposal that we received on March 24th,
23 those people may also like an opportunity to respond.
24 I think the staff would recommend that if you decide to
25 develop it further as Miss Russell would request, that we

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1 also allow several other people who came in late or
2 responded past the deadline to also flush out their
3 proposals so we could have the benefit of their thinking.

4 ACTING CHAIRPERSON McCAUSLAND: Can you tell me
5 the basis of the request for proposals that went out this
6 time? Did it go to all interested parties? How did it
7 relate to the earlier round of discussions when the
8 restaurant project failed to materialize?

9 MR. TROUT: When the restaurant project fell
10 through, we had kept in the file addresses and names of
11 everyone that had been contacted or expressed an interest
12 even after the nomination of the Mexican restaurant. We
13 sent out letters in December to all of the parties that
14 we had notice of at that time. And then, as we say, in
15 addition, we had run an advertisement in the Los Angeles
16 Times. I think a third point is that the City of Seal Beach
17 is very interested in having this parcel developed,
18 and we have made quite common mention to the community
19 down there of the desirability of developing this site
20 and of its availability.

21 ACTING CHAIRPERSON McCAUSLAND: Miss Russell is
22 representing the Peter Sanderson interest. Were they
23 on the mailing list for the request for proposal?

24 MR. TROUT: I believe they were, but I don't
25 have that right in front of me.

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1 MS. RUSSELL: We were.

2 ACTING CHAIRPERSON McCAUSLAND: They were.

3 MS. SMITH: Mrs. Russell, did I understand you
4 to say that you submitted your proposal a year ago?

5 MS. RUSSELL: Yes, we did.

6 I have a pro forma here with me if you'd like
7 to look at it.

8 MS. SMITH: And staff, it was my understanding,
9 said that the proposal was submitted late?

10 MS. RUSSELL: I don't believe so. We weren't
11 the late one. We had an extension because we got the
12 letter --

13 MR. TROUT: The details of the second proposals
14 are in response to the second request for proposals. The
15 details of Mr. Sanderson's proposal were received on
16 February 27th, which was approximately three weeks after
17 the extended deadline. However, Mr. Sanderson did send
18 in a letter of interest on January 21 that was minimal
19 details. I don't have a copy of that letter, and I can't
20 tell whether it -- maybe Miss Russell could respond -- as
21 to whether that referenced back and indicated they were
22 resubmitting their earlier proposal.

23 ACTING CHAIRPERSON McCAUSLAND: Let me ask you
24 another question while she looks for the answer to that
25 one.

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1 MS. RUSSELL: I can tell you, yes, basically.
2 I just don't think that the file was reviewed correctly.

3 ACTING CHAIRPERSON McCAUSLAND: Fine.

4 One of the questions in Miss Russell's request
5 for appearance is the following question: I would like to
6 know the basis of selection? Is my observation that your
7 analysis of cash flow and net income to the State became
8 the preponderant factor plus your review of the basic
9 capitalization and the ability of the applicant to respond
10 successfully?

11 MR. TROUT: Yes, we tried to sort the proposals
12 into two categories. One is the proposal that would be
13 available to any member of the public. Now, somebody could
14 just walk in off the street. Those that were, that were
15 oriented toward the membership type of thing or to a
16 rather limited clientele. We separated those two and
17 we looked at the broad public use type projects first,
18 and we evaluated those on the basis of economic return
19 and capitalization. It does turn out when you apply that
20 factor to the nonpublic projects or the so-called limited
21 public projects, that one of those would come in on
22 economic return number two. But we think that some of the
23 less economic projects would probably be the superior
24 because they provide greater public benefits which would
25 appear to be in furtherance of the trust or more trust

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1 oriented.

2 MS. SMITH: Mrs. Russell, can you explain the
3 conditions of using the tennis complex?

4 Like, does the public have to purchase a membership?

5 MS. RUSSELL: Ours is basically public. We had
6 initially incorporated a restaurant into the concept because
7 we're qualified to do so. We were then told that they
8 didn't want a restaurant and then they retained a restaurant.
9 So we said we'd check our files again when I was speaking
10 with Scott Akins who works for Mr. Trout. I said that
11 we could go with any concept. We viewed our files
12 accordingly and sent the final letter with the sentence
13 in it. So we could either go with the restaurant or
14 all the ball courts.

15 MS. SMITH: Okay. But my question is, could any
16 member of the public come in and use your courts?

17 MS. RUSSELL: Absolutely.

18 MS. SMITH: And they would just pay a price for
19 admission on any day?

20 MS. RUSSELL: Right.

21 MS. SMITH: There's no membership requirement?

22 MS. RUSSELL: No.

23 MS. SMITH: Where's Mr. Conn?

24 MR. CONN: Absolutely. It's \$3 and \$5 depending
25 on the time of day. And for the racquetball and tennis and

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1 squash it's the same setup.

2 ACTING CHAIRPERSON McCAUSLAND: Staff's
3 analysis suggested that projected gross income from the
4 Conn proposal would be \$738,000. Apparently using
5 Mr. Sanderson's data, his projected minimum annual gross
6 income would be \$252,000.

7 MS. RUSSELL: Again, that refers to a minimum
8 gross. It had no amenities and I can show you our pro
9 forma which again is on file where our projection is
10 far in excess of that and was the one that I meant to
11 have them refer back to. I think there's been some
12 confusion. That's the problem of the whole presentation.
13 That's the reason I wanted to have the opportunity to do
14 it again. I'm sure Mr. Trout has seen this many times.

15 ACTING CHAIRPERSON McCAUSLAND: Let me ask the
16 staff if any of the matters that have been discussed here
17 today are matters which you have not discussed frequently
18 and reviewed in relationship to these submittals?

19 MR. TROUT: From our staff's standpoint, we have
20 had this information available. We did evaluate the
21 Sanderson proposal. I don't think we would argue that
22 it failed because of lateness of the proposal. I think
23 we would be pleased to go back and take a look at what
24 Miss Russell has said, but I think our evaluation would
25 remain the same. I don't want to say we're closed-minded,

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1 but we looked at the proposal in the sense that we had it,
2 and it does, it seems to me, unless a review at the
3 Commission's request would show differently, I think it
4 is one of the least economic based on our evaluation. But
5 we have considered all the points I think.

6 MS. SMITH: In light of the fact that the staff
7 has given the Sanderson proposal adequate consideration --
8 and that is what I'm understanding that you've evaluated
9 all the factors that have been presented today and
10 Miss Russell's testimony.

11 MR. TROUT: Yes, I believe we have. There may
12 be a difference of opinion on the extent at which we've
13 done it, but I think we did have the proposal before us.
14 I talked to the land agent this morning, and I think he
15 feels that he did give adequate consideration to the
16 proposal.

17 EXECUTIVE OFFICER NORTHROP: Let me point out,
18 staff considered it without regard to lateness in
19 preparation. Lateness came in and disqualified it, but
20 we considered it without regard to lateness initially
21 and it still didn't measure up to what we considered.
22 Staff informs me that they've had the bulk of the figures
23 that have been presented to the Commission this morning
24 in their deliberations. So we see nothing new today that's
25 been added to the program that we hadn't looked at in the

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1 past.

2 MS. SMITH: Okay. In light of that statement,
3 I move the staff recommendation.

4 ACTING CHAIRPERSON McCAUSLAND: Without objection,
5 the staff recommendation on Calendar Item 15 is adopted.

6 Are there any other individuals who wanted to
7 testify on any other item?

8 Item 16 relates to the termination of a commercial
9 lease and substitution of a new general lease at the
10 Hollywood Turf Club, Long Point, Palos Verdes Peninsula,
11 Los Angeles County.

12 Any questions?

13 MS. SMITH: We're not setting any policy --

14 MR. HIGHT: No.

15 MS. SMITH: -- in light of what we would be doing
16 in regard to future leases?

17 MR. HIGHT: Right.

18 MS. SMITH: No objection.

19 ACTING CHAIRPERSON McCAUSLAND: Without objection,
20 Item 16 is adopted as recommended by staff.

21 Item 17 regards the adoption of lists and
22 criteria for the determination of completeness of
23 applications for development projects pursuant to AB 884.
24 This is essentially the program to expedite the processing
25 of environmental impact reports that we demonstrated and

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1 toyed with today. Is there any objection to Item 17?

2 MS. SMITH: No objection.

3 ACTING CHAIRPERSON McCAUSLAND: Item 17 is
4 adopted as it reads.

5 Item 18 relates to the continuing trespass on the
6 land in the Sacramento River of Robert A. Sieglitz. Are
7 there any questions on Item 18?

8 If not, staff recommendation on Item 18 is
9 adopted, as submitted.

10 Item 19 is authorizing the filing of amendment
11 to the California Administrative Code relative to CEQA.
12 Any questions on Item 19?

13 MS. SMITH: No.

14 ACTING CHAIRPERSON McCAUSLAND: Item 19 is
15 adopted as submitted.

16 Item 20 is authorizing the issuance of a
17 Compensatory Gas Agreement with Shell Oil Company in the
18 Egego area of the Sacramento Airport gas field. Any
19 questions on Item 20?

20 MS. SMITH: No.

21 ACTING CHAIRPERSON McCAUSLAND: Item 20 is --

22 MR. MATTHEWS: Excuse me, Mr. Chairman, I'm
23 Jim Matthews, Land Department, Shell Oil Company.

24 On this matter, I have noted in the notice here
25 that the wording was changed somewhat from the agreement that

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1 we submitted to this State. If the wording has been
2 changed, we didn't get notice. We didn't have opportunity.
3 So I would like, if the wording of the agreement that
4 was signed by Shell and submitted to the State, if it has
5 been changed in any way, I would like to have this put
6 over to the next hearing to --

7 ACTING CHAIRPERSON McCAUSLAND: Without objection,
8 Item 20 is taken off calendar.

9 Item 21, Union Oil Company, Magma Power Company,
10 Thermal Power Company, receiving drilling permits for
11 new wells in the Geysers Steam Field. Any questions on
12 Item 21?

13 Item 21 is adopted as submitted.

14 Item 22 is authorizing a permit to prospect for
15 geothermal resources in the Randsburg area of San Bernardino
16 County, Management Engineering Corporation.

17 Any questions on Item 22?

18 MS. SMITH: No.

19 ACTING CHAIRPERSON McCAUSLAND: Item 22 is
20 adopted as submitted.

21 Item 23 is authorizing permits to prospect for
22 geothermal resources in the Randsburg area of San Bernardino
23 County, Getty Oil Company.

24 Any questions on Item 23?

25 MS. SMITH: No.

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1 ACTING CHAIRPERSON McCAUSLAND: If not, Item 23
2 is adopted as submitted.

3 Item 24, relating to maintenance dredging permit
4 for the Benicia Port Terminal Company. Any questions on
5 Item 24?

6 MS. SMITH: No.

7 ACTING CHAIRPERSON McCAUSLAND: Item 24 is
8 adopted as submitted.

9 Item 25 is relating to a maintenance dredging
10 permit for the City of Morro Bay. Any questions on Item
11 25?

12 MS. SMITH: No.

13 ACTING CHAIRPERSON McCAUSLAND: Item 25 is
14 adopted as submitted.

15 Item 26 is relating to the issuance of a mineral
16 extraction lease in Owens Lake for the Lake Mineral
17 Corporation. Any questions on Item 26?

18 MS. SMITH: No.

19 ACTING CHAIRPERSON McCAUSLAND: Item 26 is
20 adopted as submitted as long as they don't flood. You tell
21 that city of L.A. not to flood Owens Lake. Where did all
22 those newspaper men go?

23 (Laughter.)

24 ACTING CHAIRPERSON McCAUSLAND: Item 27 relates
25 to the recovery of past-due royalties and/or cessation of

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1 operation and restoration of lease premises in Monterey
2 Bay, Standard Resources, Inc. Are there any questions
3 regarding Item 27?

4 MS. SMITH: No.

5 ACTING CHAIRPERSON McCAUSLAND: Item 27 is
6 approved as submitted.

7 Item 28 is off calendar.

8 Item 29 is relating to a finding that Seaside
9 Boulevard paving and drainage allowable subsidence
10 cost is \$96,908.28 with \$3,667.00 credit due the City of
11 Long Beach. Any questions on Item 29?

12 MS. SMITH: No.

13 ACTING CHAIRPERSON McCAUSLAND: If not, Item 29
14 is adopted as submitted.

15 Item 30 has been handled.

16 Item 31 relates to a disclaimer of interest in
17 Mailhot v. City of Sutter Creek, et al., in Amador
18 County Superior Court No. 9780. Any questions on Item
19 31?

20 MS. SMITH: No.

21 ACTING CHAIRPERSON McCAUSLAND: Item 32 is relating
22 to a disclaimer of interest in Mailhot v. City of Sutter
23 Creek, et al., Amador Superior Court No. 9781. Any
24 questions on Item 32?

25 MS. SMITH: No.

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1 ACTING CHAIRPERSON McCAUSLAND: Thirty-two
2 is adopted as submitted.

3 Item 33 relates to a disclaimer on certain
4 parcels of land in Colusa County. Any questions on Item
5 33?

6 MS. SMITH: No.

7 ACTING CHAIRPERSON McCAUSLAND: Item 33 is
8 adopted as submitted.

9 Status of major litigation.

10 MR. STEVENS: I guess the major item has been
11 the boundary dispute between California and Nevada. It
12 may be enlarged to include the complete boundary going
13 from Lake Tahoe down to the Colorado River and by a
14 counterclaim to be filed by the State of Nevada.

15 We are re-evaluating our own position in light
16 of this position taken by the State of Nevada, and also
17 contemplating the necessity of having the federal government
18 as a party inasmuch as the surveys were all taken under
19 authority of the United States. There will be more to
20 come, but the litigation looks like it's going to be a
21 great deal more substantial an area than it originally
22 appeared.

23 ACTING CHAIRPERSON McCAUSLAND: Thank you.

24 Any other further items to come before the
25 Commission at this time? If not, we'll stand adjourned

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1 until our meeting of April 27th, 1978 in San Diego.

2 (Thereupon the meeting of the State
3 Lands Commission was adjourned at
4 11:45 a.m.)

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1 STATE OF CALIFORNIA)
 2 COUNTY OF SACRAMENTO)
 3 SS.

4 I, CATHLEEN SLOCUM, C.S.R., a Notary Public in
 5 and for the County of Sacramento, State of California, duly
 6 appointed and commissioned to administer oaths, do hereby
 7 certify:

8 That I am a disinterested person herein; that
 9 the foregoing State Lands Commission Meeting was reported
 10 in shorthand by me, CATHLEEN SLOCUM, a Certified Shorthand
 11 Reporter of the State of California, and thereafter
 12 transcribed into typewriting.

13 I further certify that I am not of counsel nor
 14 attorney for any of the parties to said meeting, nor in
 15 any way interested in the outcome of said meeting.

16 IN WITNESS WHEREOF, I have hereunto set my hand
 17 this 26 day of April, 1978.

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Cathleen Slocum

 CATHLEEN SLOCUM, C.S.R.
 Notary Public in and for the
 County of Sacramento,
 State of California.
 C.S.R. License No. 2822

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